



Senate

General Assembly

File No. 25

January Session, 2007

Substitute Senate Bill No. 60

Senate, March 13, 2007

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT ESTABLISHING A DIVISION REGULATING CAPTIVE INSURANCE COMPANIES WITHIN THE INSURANCE DEPARTMENT.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (NEW) (*Effective from passage*) (a) Not later than July 1,
2 2008, and notwithstanding the provisions of section 4-8 of the general
3 statutes, there shall be a Division of Risk Management within the
4 Insurance Department, which division shall act on the Insurance
5 Commissioner's behalf and at the commissioner's direction in order to
6 carry out the commissioner's responsibilities under title 38a of the
7 general statutes with respect to the regulation of captive insurance
8 companies.
- 9 (b) The directors and staff of the Division of Risk Management shall
10 be appointed by the commissioner under the provisions of chapter 67
11 of the general statutes.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	New section
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INS *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 08 \$	FY 09 \$
Insurance Dept.	IF - See Below	See Below	See Below

Note: IF=Insurance Fund

Municipal Impact: None

Explanation

The bill establishes a Division of Risk Management within the Insurance Department in order to regulate captive insurance companies. Since the bill does not contain the necessary statutory provisions that would be required to regulate these companies, it does not appear that the new division established by the bill would require staffing or incur costs.

Additional Information

Senate Bill 58, "An Act Concerning Captive Insurance Companies," contains the necessary statutory provisions for regulating captive insurance companies. The cost of the regulation of these companies has been calculated at \$698,700. Further detail is contained in the fiscal note on SB 58.

The Out Years

There is no fiscal impact in the out-years until the required statutory changes are enacted.

OLR Bill Analysis**sSB 60*****AN ACT ESTABLISHING A DIVISION REGULATING CAPTIVE INSURANCE COMPANIES WITHIN THE INSURANCE DEPARTMENT.*****SUMMARY:**

This bill requires the Insurance Department to have a Division of Risk Management by January 1, 2008. The division must act on the insurance commissioner's behalf and at the commissioner's direction to carry out the commissioner's responsibilities to regulate captive insurance companies.

The bill requires the commissioner to appoint the division's directors and staff as provided in the State Personnel Act, which requires being hired through state classified service procedure.

EFFECTIVE DATE: Upon passage

BACKGROUND***Captive Insurance Company***

Under Connecticut law, a "captive insurer" is an insurance company owned by an organization whose exclusive purpose is to insure the risks of that organization and its affiliated companies, or, in the case of groups and associations, an insurance organization owned by the insureds whose exclusive purpose is to insure risks of the member organizations, group members, and affiliates (CGS § 38a-91(2)).

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 15 Nay 0 (02/27/2007)